

12 April 1960

OUR CONTRIBUTION TO THE SEMI-ANNUAL REPORT  
TO THE PRESIDENT'S BOARD OF CONSULTANTS  
ON FOREIGN INTELLIGENCE ACTIVITIES

I. Economic and Geographic Intelligence Production

- A. Economic. A growing portion of OGR's economic intelligence research activity has been devoted during this period to the production and deployment aspects of the Soviet guided missile program and to other economic factors in the Soviet military effort. Continuing emphasis has also been given in recent months to the appraisal of developments in the Soviet economy under the Seven Year Plan and its progress during the initial year of the Plan; to the rapid growth of the economy of Communist China and her declining dependence on the USSR; and to Bloc economic activities in the underdeveloped areas of the Free World.

Research on the Soviet guided missile effort has been primarily devoted to contributions to national intelligence estimates and other reports requested for the guidance of policy-makers. Determination of the production and operational deployment of guided missiles constitutes OGR's major responsibility in this field. This effort has involved increasing attention not only of Guided Missile Branch personnel, but also of specialists in the fields of transportation (who have been studying the Soviet potential for a rail-mobile launch system for long-range missiles), construction, communications, chemicals, special metals, and electronics. Although there remain critical gaps in our knowledge, the OGR contribution to the national intelligence estimate on Soviet Strategic Attack Capabilities was recently cited as providing "an invaluable service by developing and executing a comprehensive new methodology for the analysis of certain problems of priority concern to US security."

In the field of Soviet military economics, OGR continued, as a service of common concern, its role of costing the community estimates of military manpower and hardware. For the first time, estimates of Soviet military expenditures were presented on a mission-oriented basis to determine the relative emphasis being given by the USSR to its various military programs. The prospect is that a reduced share of Soviet national product will go to military purposes but increased outlays will be provided for missile systems, research and development and nuclear energy programs. Khrushchev's recent revelations of Soviet force levels have emphasized the validity of OGR's basic approach to this important research problem.

OGR's overall estimates of Soviet economic growth during the Seven Year Plan (1958-1965) have not changed significantly since our

last report. To offset the decline in the rate of growth of the labor force and the increasing demands on investment resources for improved housing and other consumer amenities, the Soviet regime has planned an impressive program of capital equipment replacement and is engaged in a comprehensive search for greater efficiency. Given the estimated Soviet growth rates and a continuation of present US growth rates, Soviet GNP will be somewhat greater and industrial production somewhat less than half that of the US in 1965.

OSR continues to regard Chinese Communist production claims as exaggerated, particularly in the field of agriculture. Chinese industrial progress, however, is impressive--probably 25 to 30 percent higher in 1959 than 1958, as against a claimed increase of 39.3 percent. Food grain production was probably 5 to 7 percent below 1958 because of drought and flood. Although there have been no significant new developments in rural communes, the recent establishment of various collective forms of economic activity in urban areas heralded the announcement on 30 March of a program of urban communes and affirmed the regime's determination to make the commune the basic unit of Chinese Communist society.

OSR's study of economic relations between Communist China and the USSR concluded that the supply of Soviet machinery and technical knowledge to China will continue to be vital to China's program for rapid industrialization but that China is rapidly becoming independent in basic industry and will, as time passes, regard her economic dependence on the USSR as less binding. We have concluded, also, that China has been paying for her imports on what has amounted to a pay-as-you-go basis.

Other significant contributions to the production of economic intelligence by OSR in recent months have dealt with civil defense in the USSR, the impact of insurgent activity in Tibet on the economy of Communist China, present and future production of basic materials in the USSR and the possible impact of these materials on World commodity markets.

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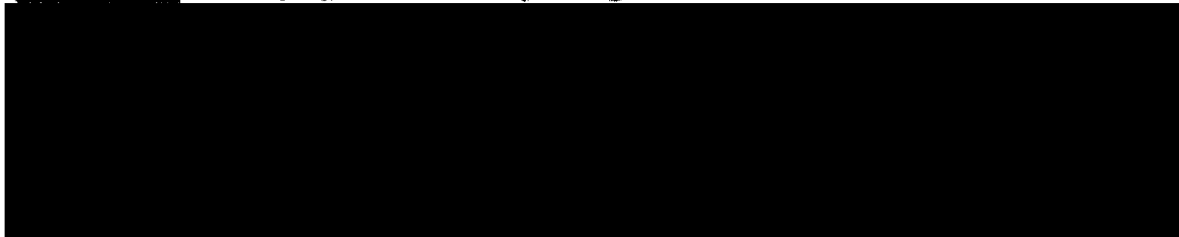
Analyses of [redacted] rocket equipment were published during the period. These papers not only provided further analysis relating to the last stage of a Soviet moon rocket, but also discussed [redacted] Soviet earth satellite and on meteorological rockets, comparing these [redacted] with those on the moon rocket [redacted]

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Soviet aircraft industry continued to provide valuable intelligence, and provided the first firm identification of the producer of the TU-114 (CLEAF) transport aircraft.


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B. Geographic. Geographic intelligence production continued to be



Several special geographic reports addressed themselves to the key factors of physical and human geography involved in various South Asian crises that developed during the period. A very detailed study was produced on the Communist China-India border controversy. Other reports analyzed the Communist China-Burma border disagreement, and the composition and distribution of Overseas Chinese in Southeast Asia.


Research support was provided on trends and developing problems in the Arctic and Antarctic. A comprehensive study on Arctic territorial and sovereignty problems, which are growing in significance with the increase of military and economic activity in the region, was prepared. In support of OCS interests, attention also continued to be given to the analysis of expanding Soviet activities in Antarctica with the purpose of identifying Soviet objectives and assessing achievements to date. The Antarctic Staff, Department of State, was assisted in maximizing the potential intelligence collection opportunities offered by provisions of the Antarctic Treaty.

Other significant subjects that were given urgent attention in OSR's geographic intelligence activity were the determination of those areas in the USSR where geographic conditions are most favorable for the concealment of underground <sup>25X1X4</sup> ~~facilities~~ <sup>25X1X4</sup> ~~existing~~, and updating and re-analysis of our detailed map of 

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II. Major Intelligence Gaps

- A. Economic Intelligence. The wide range of economic activities bearing on Soviet guided missile capabilities continues to dominate the fields  These include the location and status of missile production facilities, operational sites and storage areas, related construction, transportation and communication activities, the nature and production of high energy missile propellants and the nature, production, processing and application of alloying, refractory and other missile-associated metals. Information is also scarce on Bloc production and use of fluorine, lithium and

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calcium chemicals which, if available, would substantially improve present estimates of Soviet fissionable material and nuclear weapon production.

Although comparative studies of economic growth of the USSR and the Bloc vis-a-vis the US and other Western countries are receiving increasing attention within GSR, deficiencies of data and of clear definitional standards, together with the basic conceptual difficulties inherent in such comparisons, have made present comparisons tenuous at best. Although statistical information on many sectors of the Bloc economies is becoming increasingly available, there remain gaps in information as to definitions, methodology, and other details which are needed for a critical analysis of the available data.

As previously reported, significant gaps exist also in our information on Bloc military expenditures and programs and on Soviet machinery and military end items production.

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- B. Geographic Intelligence. The acquisition of large-scale post-war topographic map coverage of the Sino-Soviet Bloc is necessary for the accurate positioning of targets that may be identified by advanced collection systems. The recent collection of a small number of maps of this type has only confirmed the crying need for these maps. GSR is providing coordinated guidance for their collection.

Serious gaps in basic geographic data on Caribbean countries were noted during the period. Mapping and aerial photography coverage is extremely spotty and out of date. Reliable area studies and compilations of environmental data are generally lacking. Similar gaps in data for most of Asia continue to handicap essential research projects, particularly those on interior areas of China and peripheral countries.

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The lack of information on developing social organizations and human relationships in Africa has not been rectified by routine collection efforts and continues to be a pressing need.

### III. Dissemination and Utilization of OER Products

- A. Economic Intelligence. The major consumer of OER's economic intelligence continues to be the Office of National Estimates. Broad analyses of the economies of the USSR and Communist China and other Bloc countries are furnished directly for inclusion in the periodic National Estimates for these countries. OER has also made significant use of OER's contributions on the production, deployment, construction and transport aspects of guided missile activity and on Bloc activities in the underdeveloped countries of the Free World during the period under review.

The support role of OER for current economic intelligence, disseminated through the Office of Current Intelligence publications, and for basic economic intelligence, published in the National Intelligence Surveys by the Office of Basic Intelligence, has been maintained during the period. Other support activities have increased considerably, particularly in the provision of material for Congressional use. This has included the preparation of substantial portions of the Director's testimony before Congress on economic growth in the USSR and on the Soviet missile program, and a number of supplementary papers prepared at the request of Congressional committees and individual members of Congress. OER's continuing study of Soviet civil defense activity has provided a number of reports for the use of such consumers as the President's Scientific Committee on Civil Defense, OCEM, the National Industries Center, and Governor Rockefeller and civil defense officials of New York State.

A number of studies have been prepared during the period at the request of various components of the Executive Office of the President. These have included a paper on the implications of possible Soviet access to US nickel producing properties in Cuba and a study of the world energy supply and demand balance. Contributions to a study of the relative power positions of the US and the USSR in 1965 and 1970 are presently in preparation in response to a request of a task force of the National Security Council.

Wide dissemination continues to be given to the biweekly and semiannual reports on Bloc activities in the underdeveloped free world, both domestically to interested Government offices and abroad to Agency components, US diplomatic and military missions and commands, and Commonwealth Intelligence organizations.

- B. Geographic Intelligence. The response to the dissemination of the unclassified atlas of communist administrative units in China has been gratifying and has included a brisk demand for copies from

users within and outside the government. Numerous commendations have been received.

OSR's geographic intelligence study of the India-China border dispute was utilized widely both within the intelligence community and at the national policy level. It was used as a briefing aid preparatory to the President's conversations with Mr. Nehru, and was also passed to the Government of India, in sanitized form, by the Department of State.

Geographic intelligence studies continued to be requested and used in connection with developments in the Tibetan uprisings.

Geographic intelligence support provided to the U.S. Delegation to the Antarctic Conference, 13 October-1 December 1959, was acknowledged by the Head of the Delegation to have been most helpful. Other intelligence production on Soviet objectives in Antarctica was utilized by the OSR Working Group on Antarctica in its Operations Plan for Antarctica, and in a JCS study recommending increased Department of Defense concern with Soviet activities.

A total of 915 maps and charts were produced during this period. The Department of State continued to place its cartographic requirements on OSR. The bulk of the map and chart production was for the NIS program, NLR's, <sup>25X1X4</sup> economic and geographic reports, and urban and geographic studies for ID/P.

#### IV. Guidance to Collectors and Intelligence Collection Activities

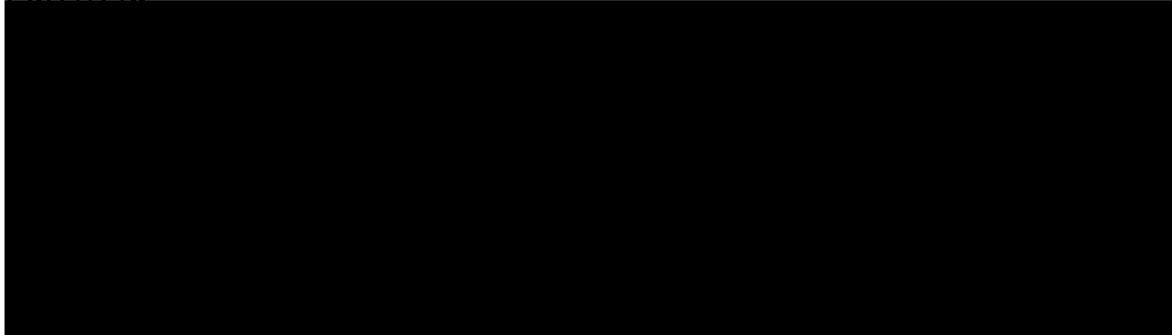
- A. Economic Intelligence. OSR is continuing to bring its collection guidance statements up to date through the issuance of OSR Collection Guides for subjects of top priority interest and OSR Priority Gaps in Intelligence for other priority subjects. Special guidance material, including the briefing to high-level travellers, has been <sup>25X1X4</sup> devoted to the missile production and deployment problem, <sup>25X1X4</sup>

<sup>25X1X4</sup> In addition, qualified guided missile intelligence specialists have been assigned by the Office to work directly with collection components (ID/P and OO/C) in planning, guiding and evaluating their collection efforts. Continuing support is also being given to such programs as the <sup>25X1X4</sup>

Increasing efforts have been made during the period to improve the collection potentialities of the US-USSR exchange program. These efforts have included support for initial negotiations, suggested itineraries, guide requirements, interpreting service, and

evaluations of concluded tours. The new exchange agreement for 1960-61 provides for numerous industrial, transport, and construction exchanges which may yield valuable intelligence information. In this connection, OIR has boosted its support to the Program by offering an increased number of interpreters who are also expert in specific fields of economic activity.

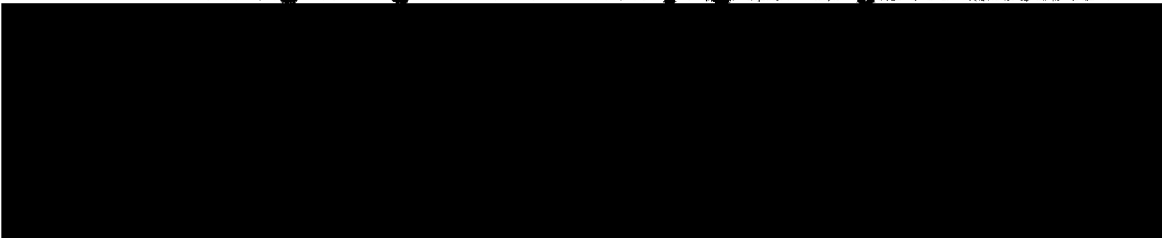
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- B. Geographic Intelligence. The urban plans of the USSR that are being prepared by OIR for the operational needs of the Clandestine Services are being utilized increasingly in [REDACTED] We have also devoted a substantial part of the geographic intelligence effort to strengthening the collection programs on guided missiles.

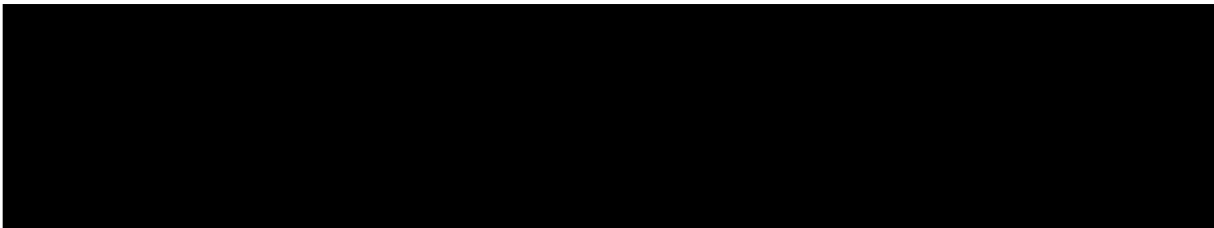
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In recognition of the opportunity offered by the deterioration of Sino-Indian relations over the border issue, collection guidance was provided to the Geographic Attache in New Delhi which resulted in the collection of hitherto unavailable topographic maps of the Sino-Indian border areas produced by the Indian Government.

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Recent travel of the Geographic Attache from Bonn and the Coordinator for Maps of the Department of State to the Soviet Union, Czechoslovakia, Hungary, and Rumania has provided specific leads, operational information, and has increased the contact

between geographers and cartographers of the East and West.

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- C. General. Under the [REDACTED] coordinated within the US intelligence community through the Economic Intelligence Committee, there was continued progress during the reporting period in the development of procedures for alerting collectors that targets had or had not been adequately covered by reporting. Reporting and coordination of [REDACTED] official travellers in Moscow continued to show improvement. For

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[REDACTED] It is expected that this type of coordination of coverage will result in improvement in reporting on targets in the Soviet Union.

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At the request of the Clandestine Services, this Office evaluated the economic and geographic reporting efforts of [REDACTED] Con-  
clusions indicated that much of their material was unique and highly useful.

V. Coordination of Economic Intelligence

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The military components of the Office continued to work effectively with their service counterparts in the production of finished intelligence. Significant in this respect was the appearance of the first fully coordinated OER study on the Soviet aircraft industry.

During the period under review, the EIC continued its series of publications on Sino-Soviet Bloc economic activities in underdeveloped areas. The scope of these reports has been expanded in order to place the economic aspects in the perspective of the over-all programs and objectives of the Bloc in the underdeveloped areas. Biweekly Reports and the semiannual for the last half of 1959 covering current developments on a factual basis were issued.

The EIC reviewed the proposed extension of a CIA-sponsored external economic research project on "Agriculture in Communist



China"; published a survey listing of internal and external economic research projects on selected non-Bloc areas, and is preparing one for publication on the Sino-Soviet Bloc. Both surveys are based on contributions from US Government agencies [REDACTED] intelligence components.

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The Subcommittee on Petroleum issued a working paper on military consumption of petroleum products in the Sino-Soviet Bloc; the Subcommittee on Electronics and Telecommunications is preparing for active participation in [REDACTED] Conference to be held in Washington, in June 1960. The Subcommittee 25X1X75 participated in the Shipbuilding Conference held in [REDACTED] November 1959. All subcommittees have provided support to the USIB Committee on Exchanges.

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## VII. Comments on Principal Sources

A major portion of economic and geographic intelligence information continues to be received from overt sources. Radio broadcasts, newspapers, periodicals, handbooks, and other Bloc publications are by far the largest sources of information. Refinements of overt data and information on the character, organization, and operations of the various economic sectors comes, in large part, [REDACTED]

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[REDACTED] Although reduced in volume, the quality of covert reporting has shown marked improvement during the past year.

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